

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: JUL 10 2007

SUBJECT: Fiscal Impact Statement: "Prohibition of the Investment of Public Funds in Financial Institutions and Companies Making Loans to or Doing Business with the Government of Sudan Act of 2007"

REFERENCE: Bill Number 17-134 as Introduced

Conclusion

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation.

Background

The proposed legislation would amend multiple titles of the District of Columbia Official Code to prohibit the investment of District public funds in financial institutions or companies with loans or business in Sudan. Specifically, the proposed legislation would prohibit the investment of and require the divestment of District public funds in:

- Banks or financial institutions that have an outstanding loan to the Government of Sudan, a national corporation organized under the laws of Sudan, or any company for the purpose of investment in the Government of Sudan;¹
- Stocks, securities, or other obligations of any bank or financial institution that has an outstanding loan to the Government of Sudan, to a corporation organized under the laws of the Government of Sudan, or to any company for the purpose of investment in the Government of Sudan; and

¹ In this legislation, the Government of Sudan is the government in Khartoum, which is led by the National Congress Party or any successor government formed on or after October 13, 2006, and does not include the regional government of southern Sudan.

- Stocks, securities, or other obligations of any company or its subsidiary or affiliate doing business in or with the Government of Sudan.

In addition to general District funds, the investment prohibition and divestment requirements of the proposed legislation would apply to the assets of or funds managed by:

- The District of Columbia Retirement Board;
- The Board of Trustees in charge of the D.C. Retirement Board;
- The D.C. Housing Finance Agency;
- The National Capital Revitalization Corporation (NCRC); and
- The Anacostia Waterfront Corporation (AWC);² or
- Any successor quasi governmental corporation established by the District government.

The proposed legislation would require that, prior to the investment of District funds, the Mayor would secure an affidavit from each affected institution certifying that the institution is in compliance with the provisions of the legislation. If District funds already exist in prohibited investments, the Mayor would have to divest these funds within two years of the effective date of the proposed legislation.

Financial Plan Impact

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The proposed legislation could generate one-time transaction costs to the entities managing the investment funds affected by the proposed legislation. However, the transaction costs, if any, would be minimal.

² Subtitle II(P) of the FY 2008 Budget Support Act of 2007 (B17-148) would abolish the NCRC and the AWC and transfer their assets, liabilities, and responsibilities to the Office of the Mayor. This transfer would not have an effect on the fiscal impact of the proposed legislation because any investment funds under current control of the NCRC and the AWC would still be subject to the legislation's provisions once they are under control of the Mayor.